

Washington, D.C. - Homebuyers would get three full days to review their complete mortgage documents before signing them at closing under the Borrowers' Right to Inspect Closing Documents Act of 2009, a bipartisan proposal from Congresswomen Melissa Bean (D-IL-08) and Shelley Moore Capito (R-WV-02).

"The financial crisis was touched off by an explosion in sub-prime loans, many of which were confusing to borrowers who didn't understand the terms and wound up in loans they couldn't afford," Bean said. "When making the biggest single investment of their life, homebuyers deserve the time to fully inspect the details of the loan and ask questions about just what they're committing to. This measure is part of the broad reforms to Wall Street regulation that I've been advocating for all year."

"Buying a home is one of the most important financial investments a family will ever make," said Rep. Capito, the ranking Republican on the Financial Services Subcommittee on Housing and Community Opportunity. "And with a decision of this magnitude, consumers deserve the time necessary to fully review their closing documents. By offering consumers time for proper review, we're providing the transparency and information necessary for making sound financial decisions. I'm proud to join Melissa Bean in offering this bill and I look forward to our work together to see this legislation enacted."

Under current law, borrowers often do not see the final terms of their home purchase until they reach the closing. At the closing table, borrowers are confronted with a myriad of complex forms that are not easily comprehensible, even to industry professionals. In addition, borrowers often feel rushed during the settlement process and are unable to intelligently ask questions about the meaning of certain disclosures and the costs that they are incurring in connection with the transaction.

While borrowers do have the right to request and review a draft HUD-1 Settlement Statement one business day in advance to closing, many borrowers are unaware of that right, and there is no legal requirement that the HUD-1 be complete.

The Borrowers' Right to Inspect Closing Documents Act of 2009 requires the lender and the settlement agent to provide closing documents three business days in advance to review. Borrowers would get a complete and finalized HUD-1 Settlement Statement, promissory note, mortgage, and Final Truth-in-Lending Act disclosure.